

FILED

MAR 05 2007

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF INDIANA-AMERICAN
WATER COMPANY, INC. FOR
AUTHORITY TO INCREASE ITS RATES
AND CHARGES FOR WATER AND
SEWER SERVICE, FOR APPROVAL OF
NEW SCHEDULES OF RATES AND
CHARGES APPLICABLE THERETO,
AND FOR APPROVAL OF CERTAIN
TARIFF CHANGES TO IMPLEMENT A
TRACKING MECHANISM FOR
PURCHASED POWER COSTS**

CAUSE NO. 43187

PETITIONER'S SUBMISSION OF MSFR UPDATES

Pursuant to the terms of the Prehearing Conference Order issued in this cause, petitioner submits herewith the update as allowed by 170 IAC 1-5-5 (3) (B). The updated schedules also make certain corrections to the previously prefiled schedules as allowed by the Prehearing Conference Order.

Respectfully submitted

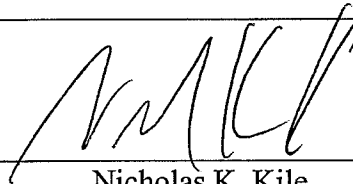
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by First Class

United States Mail, postage prepaid, upon the following, this 5th day of March, 2007.

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Nicholas K. Kile

Petitioner's Exhibit EJG-U

**INDIANA-AMERICAN WATER CO., INC.
IURC CAUSE NO. 43187**

**SUPPLEMENTAL DIRECT TESTIMONY OF
EDWARD J. GRUBB**

ON

**UPDATING ACCOUNTING SCHEDULES FOR
RATE BASE AND CAPITAL STRUCTURE TRUE-UP,
DEPRECIATION AND PROPERTY TAX EXPENSE**

SPONSORING PETITIONER'S EXHIBITS
EJG-2-U, EJG-3-U, EJG-4-U, GMV-1-U, GMV-3-U and JMJ-1-U

PETITIONER'S EXHIBIT EJG-U

Supplemental Direct Testimony Of

Edward J. Grubb

Cause No. 43187

Q. Please state your name and business address?

A. My name is Edward J. Grubb. I am employed by American Water Works Service Company, Inc. (AWWS), 727 Craig Road, St. Louis, Missouri 63141.

Q. What is your position with Indiana-American Water Co., Inc. ("Indiana-American" or "Petitioner" or the "Company")?

A. I am a Manager of Rates and Regulation for the Central Region of American Water which includes Indiana-American. I am also the Assistant Treasurer of Indiana-American.

Q. What is the purpose of this supplemental testimony?

A. This testimony will discuss the effect on Indiana-American's accounting schedules of the update to actual amounts as of December 31, 2006 of Indiana-American's original cost rate base and capital structure and the impact on depreciation expense and property taxes.

Q. Are you sponsoring updated exhibits as a part of your supplemental testimony?

1 A. Yes, I am sponsoring the following exhibits, which were prepared under
2 my direction and supervision:

<u>Petitioner's Exhibit</u>	<u>Description</u>
EJG-2-U, Schedule 1	Rate Case Summary updated for rate base and capital structure true-up and depreciation expense and property taxes.
EJG-2-U, Schedule 2	Updated Proposed Rate Income Statement
EJG-3-U, Schedule 3, pp. 1-10	Updated Calculation of Original Cost Rate Base as of December 31, 2006
GMV-3-U, Schedule 17	Updated Pro Forma Adjustment of Depreciation Expense
GMV-1-U, Schedule 1 pp. 1-10	Updated Operating Income Statement Per Books and Pro Forma
GMV-3-U, Schedule 19 & 19g	Updated Pro Forma Adjustment of General Tax Expense for property taxes
EJG-4-U, Schedule 1	Updated Pro Forma Calculation of Federal and State Income Taxes
EJG-4-U, Schedule 2 and 3 JMJ-1-U, Schedule 1, pp. 1-4	Updated Parent Interest and Effective Federal Income Tax Rate Updated Rate of Return Summary as of December 31, 2006

3
4 **Q. Do the exhibit numbers correspond to schedules which have**
5 **previously been prefiled in this Cause?**

6 A. Yes. All of the exhibits correspond to previous exhibits bearing the same
7 designation absent the "U" at the end. For instance, Petitioner's Exhibit
8 EJG-2-U, Schedule 1 is the same as Petitioner's Exhibit EJG-2, Schedule
9 1 as adjusted for the updates described in my supplemental testimony.

1 The same is true of the other supplemental exhibits.

2
3 **Q. What are the changes for which you have made adjustments?**

4 A. There are four adjustments that I have made:

5 I have updated the net original cost rate base valuation date to December
6 31, 2006, which was prior to the first evidentiary hearing in this case.

7 I have updated the capital structure to December 31, 2006 and
8 recalculated the cost of capital based upon that capital structure.

9 I have reflected the impact on Petitioner's revenue requirement from
10 changes in net operating income, property tax rates and depreciation
11 expense resulting from the update of the rate base.

12 Finally, I have corrected the calculation of the tax normalized depreciation
13 used in the income tax calculation. In the original filing, data used in the
14 last rate case filing was being pulled into the calculation rather than
15 current data. This update corrects that calculation. As shown on
16 Petitioner's Exhibit EJG-4-U, Schedule 1, the amount on line 5 for tax
17 normalized depreciation is \$22,372,964.

18 **Q. What is the change in net original cost rate base as of December 31,**
19 **2006 as compared to the original schedules, and how is this change**
20 **shown on the updated schedules?**

21 A. I have updated the Company's actual rate base to December 31, 2006,
22 which has impacted pro forma net operating income, depreciation

1 expense, and property tax expense. The total actual net original cost rate
2 base as of December 31, 2006, is \$497,889,387, as shown on Petitioner's
3 Exhibit EJG-3-U. This figure reflects actual utility plant in service, used
4 and useful as of that date. This compares to our previous estimated rate
5 base as of the same date of \$499,016,745. The change in depreciation
6 expense is reflected on Petitioner's Exhibit GMV-3-U, Schedule 17 and
7 the impact is a decrease of \$26,056. This includes corrections for minor
8 errors that were discovered in response to a data request and correcting
9 for the use of the proper depreciation rate for Mainframe Computers. The
10 impact on property taxes is captured on Petitioner's Exhibit GMV-3-U,
11 Schedule 19 and 19g as a reduction of \$209,588.

12
13 **Q. Please explain the update to capital structure and the impact of this**
14 **update on the exhibits.**

15 A. Pro forma net operating income at proposed rates has been adjusted to
16 reflect the adjustment to the Company's weighted cost of capital derived
17 from the actual December 31, 2006 capital structure. The updated capital
18 structure is shown on Petitioner's Exhibit JMJ-1-U, Schedule 1, page 1
19 and the cost of capital is now 7.90% compared to 7.88% in our initial filing.
20 As a result of the update, the interest synchronization rate changed from
21 3.27% to 3.30% as shown on Petitioner's Exhibit JMJ-1-U, Schedule 1,
22 page 2. And finally, the calculation of the Parent Interest deduction in the
23 tax calculation was updated to reflect the actual capital structure of

1 Indiana American and American Water. Using the actual updated data,
2 the amount of Parent interest deduction has been reduced from
3 \$1,330,571 to \$254,119 as shown on Petitioner's Exhibit EJG-4-U,
4 Schedule 2. I have included this update and correction as soon as
5 possible after learning of it.

6
7 **Q. On Petitioner's Exhibit EJG-3-U, Schedule 1, the Company shows a**
8 **pro forma rate base adjustment of \$6,647,392. Would please explain**
9 **this adjustment?**

10 A. This adjustment is comprised of two elements. First is the inclusion of
11 \$5,223,384 for the inclusion of the net depreciated value of the Orcom
12 Software (E-CIS) which the Commission excluded from rate base in
13 Cause No. 42520. This is shown as an "update," even though it is the
14 same as was presented in our original filing. It is shown as an adjustment
15 because the portion of E-CIS which was disallowed in the last case was
16 not included on the Company's books and records as of December 31,
17 2006 as utility plant in service. As indicated in my Direct Testimony on
18 page 15, Mr. Van den Berg is providing support for inclusion of this asset
19 back into rate base. Second is the inclusion \$1,424,008 related to the
20 installation of a 4160 volt generator and relocation of incoming electrical
21 service for the Ogden Dunes Water Treatment Plant located in the
22 Northwest service territory of the Company. The Company is including
23 this in rate base because the project was in service at the end of 2006.

1 However, due to an oversight in the project closing process in the financial
2 system, the project costs were not transferred to utility plant in service at
3 the end of 2006.

4 **Q. As part of the update for rate base and the capital structure, is the**
5 **Company providing any workpapers?**

6 A. Yes. As part of filing this supplemental direct testimony, the Company will
7 be providing the Commission and all the parties with copies of the
8 workpapers that support the Company's actual rate base and capital
9 structure.

10 **Q. Does this conclude your supplemental testimony?**

11 A. Yes, it does.

Rate Case Summary - Updated

Line	Description	Total	Total Water Groups	Wabash	Total Sewer	Northwest	Moore's -ville	Warsaw	West Lafayette	Winchester
1	PRESENT RATES:									
2										
3	Operating Revenues	\$141,938,306								
4										
5	Less Deductions:									
6	Operating & Maint.	63,780,084								
7	Depreciation	26,001,608								
8	Amortization	422,736								
9	General Taxes	17,313,628								
10	State Income Taxes	2,052,831								
11	Federal Income Taxes	6,675,951								
12	Total Deductions	116,246,838								
13										
14	Pro-Forma Operating Income	\$25,691,468								
15										
16										
17	REVENUE REQUIREMENT AND									
18	INCREASE COMPARISON:									
19										
20	Rate of Return	11.50% 7.90%								
21	x Original Cost Net Investment	\$497,889,387								
22	Required Operating Income - Original Cost	39,333,261								
23	Fair Value Increment	984,732								
24	Fair Value Increment Adjustment	0								
25	Required Operating Income - Fair Value	40,317,994								
26	Total (Excess)/Deficiency from Pro-Forma									
27	Operating Income at Present Rates	14,626,526								
28	x Revenue Factor	1.7562								
29	Increase/(Decrease) of Revenue Required									
30	without Phase-in of Common Rates	\$25,687,104								
31	Reclass Based upon Phase-in of									
32	Common Rates	\$0								
33	Increase/(Decrease) of Revenue Proposed									
34	under Phase-in of Common Rates	\$25,687,104								
35										
36	% Increase/(Decrease) on Total Revenues	18.10%								
37										
38	Revenue Requirement	\$167,625,410								

Proposed Rate Income Statement

Line	Description	Total Company	Total Water Groups	Wabash	Total Sewer	Northwest	Moore's -ville	Warsaw	West Lafayette	Winchester
1	Increases by Line Items from Revenue Factor									
2										
3	Operating & Maint.	2.941108% \$325,303								
4	General Taxes	6.649950% 735,523								
5	State Income Taxes	19.198761% 2,123,494								
6	Federal Income Taxes	71.210181% 7,876,259								
7		100.000000% 11,060,579								
8	Operating Income	14,626,525								
9	Revenues	\$25,687,104								
10										
11										
12										
13										
14	PROPOSED RATES:									
15										
16	Operating Revenues	\$167,625,410								
17										
18	<u>Less Deductions:</u>									
19	Operating & Maint.	64,105,387								
20	Depreciation	26,001,608								
21	Amortization	422,736								
22	General Taxes	18,049,151								
23	State Income Taxes	4,176,325								
24	Federal Income Taxes	14,552,210								
25	Total Deductions	127,307,417								
26										
27	Pro-Forma Operating Income	\$40,317,993								

Indiana-American Water Company
Cause No. 43187
Calculation of Original Cost Rate Base
Total Company
as of June 30, 2006
UPDATED

Type of Filing: ___ Original ___X_Updated ___ Revised

Schedule 1
Page 1 of 10

Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 825,757,433	\$ 25,495,247	\$ 851,252,680	\$ 7,246,569	\$ 0	\$ 858,499,249
3	Capitalized tank painting	440,565	0	440,565	0	0	440,565
4	Deferred depreciation	2,394,137	0	2,394,137	0	0	2,394,137
5	Post-in-service AFUDC	4,280,607	0	4,280,607	0	0	4,280,607
6		<u>\$ 832,872,742</u>	<u>\$ 25,495,247</u>	<u>\$ 858,367,988</u>	<u>\$ 7,246,569</u>	<u>\$ 0</u>	<u>\$ 865,614,557</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 218,435,420	\$ 7,967,685	\$ 226,403,105	\$ 599,177	\$ (1)	\$ 227,002,282
10	Plant in service - amortization	27,105	2,460	29,565	0	(1)	29,564
11	Capitalized tank painting	322,455	15,358	337,812	0	0	337,812
12	Deferred depreciation	826,384	49,481	876,315	0	0	876,315
13	Post-in-service AFUDC	1,359,985	81,135	1,442,445	0	0	1,442,445
14		<u>\$ 220,971,350</u>	<u>\$ 8,116,119</u>	<u>\$ 229,089,243</u>	<u>\$ 599,177</u>	<u>\$ (2)</u>	<u>\$ 229,688,419</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 611,901,392</u>	<u>\$ 17,379,128</u>	<u>\$ 629,278,745</u>	<u>\$ 6,647,392</u>	<u>\$ 2</u>	<u>\$ 635,926,139</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 71,645,367	\$ 201,614	\$ 71,846,981	\$ -	\$ (1)	\$ 71,846,981
21	Customer advances for construction	62,562,239	5,520,188	68,082,427	0	0	68,082,427
22	Capacity Adjustment - Somerset	0	0	0	0	0	0
23		<u>\$ 134,207,606</u>	<u>\$ 5,721,802</u>	<u>\$ 139,929,408</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 139,929,408</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	796,040	(43,329)	752,711	0	0	752,711
27	Materials and supplies (13 Month Average)	1,265,335	(125,390)	1,139,945	0	0	1,139,945
28		<u>\$ 2,061,375</u>	<u>\$ (168,719)</u>	<u>\$ 1,892,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,892,656</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 479,755,161</u>	<u>\$ 11,488,607</u>	<u>\$ 491,241,993</u>	<u>\$ 6,647,392</u>	<u>\$ 2</u>	<u>\$ 497,889,387</u>
32							
33							
34							

Indiana-American Water Company
Cause No. 43187
Calculation of Original Cost Rate Base
Corporate
as of June 30, 2006
UPDATED

Type of Filing: ___ Original X Updated ___ RevisedSchedule 1
Page 2 of 10

Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 9,695,180	\$ 103,763	\$ 9,798,943	\$ 5,818,706	\$ (15,617,649)	\$ -
3	Capitalized tank painting		0	0	0	0	0
4	Deferred depreciation		0	0	0	0	0
5	Post-in-service AFUDC		0	0	0	0	0
6		<u>\$ 9,695,180</u>	<u>\$ 103,763</u>	<u>\$ 9,798,943</u>	<u>\$ 5,818,706</u>	<u>\$ (15,617,649)</u>	<u>\$ -</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 1,289,578	\$ (739,622)	\$ 549,956	\$ 595,322	\$ (1,145,278)	\$ -
10	Plant in service - amortization	27,105	2,460	29,565	0	(29,565)	0
11	Capitalized tank painting		0	0	0	0	0
12	Deferred depreciation		0	0	0	0	0
13	Post-in-service AFUDC		0	0	0	0	0
14		<u>\$ 1,316,683</u>	<u>\$ (737,162)</u>	<u>\$ 579,521</u>	<u>\$ 595,322</u>	<u>\$ (1,174,843)</u>	<u>\$ -</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 8,378,497</u>	<u>\$ 840,925</u>	<u>\$ 9,219,422</u>	<u>\$ 5,223,384</u>	<u>\$ (14,442,806)</u>	<u>\$ -</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 6,392	\$ -	\$ 6,392	\$ -	\$ (6,392)	\$ -
21	Customer advances for construction		0	0	0	0	0
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 6,392</u>	<u>\$ -</u>	<u>\$ 6,392</u>	<u>\$ -</u>	<u>\$ (6,392)</u>	<u>\$ -</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)		0	0	0	0	0
28		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 8,372,106</u>	<u>\$ 840,925</u>	<u>\$ 9,213,031</u>	<u>\$ 5,223,384</u>	<u>\$ (14,436,415)</u>	<u>\$ -</u>
32							
33							
34							

Indiana-American Water Company
Cause No. 43187
Calculation of Original Cost Rate Base
Water Groups
as of June 30, 2006
UPDATED

Schedule 1
Page 3 of 10

Type of Filing: ☐ Original ☒ Updated ☐ Revised

2.06%

Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 522,119,625	\$ 20,410,406	\$ 542,530,031	\$ -	\$ 10,390,422	\$ 552,920,453
3	Capitalized tank painting	0	0	0	0	0	0
4	Deferred depreciation	2,327,817	0	2,327,817	0	0	2,327,817
5	Post-in-service AFUDC	4,065,703	0	4,065,703	0	0	4,065,703
6		<u>\$ 528,513,144</u>	<u>\$ 20,410,406</u>	<u>\$ 548,923,550</u>	<u>\$ -</u>	<u>\$ 10,390,422</u>	<u>\$ 559,313,972</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 149,247,935	\$ 6,864,521	\$ 156,112,456	\$ -	\$ 761,953	\$ 156,874,409
10	Plant in service - amortization	0	0	0	0	19,670	19,670
11	Capitalized tank painting	0	0	0	0	0	0
12	Deferred depreciation	815,785	49,252	865,037	0	0	865,037
13	Post-in-service AFUDC	1,329,828	80,535	1,410,363	0	0	1,410,363
14		<u>\$ 151,393,548</u>	<u>\$ 6,994,308</u>	<u>\$ 158,387,856</u>	<u>\$ -</u>	<u>\$ 781,623</u>	<u>\$ 159,169,479</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 377,119,596</u>	<u>\$ 13,416,098</u>	<u>\$ 390,535,695</u>	<u>\$ -</u>	<u>\$ 9,608,799</u>	<u>\$ 400,144,494</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 41,335,019	\$ 172,148	\$ 41,507,167	\$ -	\$ 4,253	\$ 41,511,420
21	Customer advances for construction	33,361,353	3,491,453	36,852,806	0	0	36,852,806
22	Capacity Adjustment - Somerset	0	0	0	0	0	0
23		<u>\$ 74,696,372</u>	<u>\$ 3,663,601</u>	<u>\$ 78,359,973</u>	<u>\$ -</u>	<u>\$ 4,253</u>	<u>\$ 78,364,226</u>
24	Add:						
25	Prepayments						
26	Acquisition Adjustment (net)	770,046	(42,817)	727,229	0	0	727,229
27	Materials and supplies (13 Month Average)	698,553	(77,685)	620,868	0	0	620,868
28		<u>\$ 1,468,599</u>	<u>\$ (120,502)</u>	<u>\$ 1,348,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,348,097</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 303,891,824</u>	<u>\$ 9,631,995</u>	<u>\$ 313,523,819</u>	<u>\$ -</u>	<u>\$ 9,604,546</u>	<u>\$ 323,128,365</u>
32							
33							
34							

Petitioner's Exhibit EJG-3 - U

Schedule 1
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32
33
34

Schedule 1
Page 5 of 10

Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:					1.60%	
2	Plant in service	\$ 8,994,245	\$ 220,474	\$ 9,214,719	\$ -	\$ 249,882	\$ 9,464,601
3	Capitalized tank painting		0	0	0	0	0
4	Deferred depreciation	0	0	0	0	0	0
5	Post-in-service AFUDC	0	0	0	0	0	0
6		<u>\$ 8,994,245</u>	<u>\$ 220,474</u>	<u>\$ 9,214,719</u>	<u>\$ -</u>	<u>\$ 249,882</u>	<u>\$ 9,464,601</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 2,911,706	\$ 60,669	\$ 2,972,374	\$ -	\$ 18,324	\$ 2,990,698
10	Plant in service - amortization		0	0	0	473	473
11	Capitalized tank painting	0	0	0	0	0	0
12	Deferred depreciation	0	0	0	0	0	0
13	Post-in-service AFUDC	0	0	0	0	0	0
14		<u>\$ 2,911,706</u>	<u>\$ 60,669</u>	<u>\$ 2,972,374</u>	<u>\$ -</u>	<u>\$ 18,797</u>	<u>\$ 2,991,171</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 6,082,539</u>	<u>\$ 159,805</u>	<u>\$ 6,242,344</u>	<u>\$ -</u>	<u>\$ 231,085</u>	<u>\$ 6,473,429</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 700,680	\$ -	\$ 700,680	\$ -	\$ 102	\$ 700,782
21	Customer advances for construction	180,956	(1,167)	179,789	0	0	179,789
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 881,636</u>	<u>\$ (1,167)</u>	<u>\$ 880,469</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 880,571</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	21,412	(4,173)	17,239	0	0	17,239
28		<u>\$ 21,412</u>	<u>\$ (4,173)</u>	<u>\$ 17,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,239</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 5,222,316</u>	<u>\$ 156,798</u>	<u>\$ 5,379,114</u>	<u>\$ -</u>	<u>\$ 230,983</u>	<u>\$ 5,610,097</u>
32							
33							
34							

Indiana-American Water Company
Cause No. 43187
Calculation of Original Cost Rate Base
Northwest
as of June 30, 2006
UPDATED

Schedule 1
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Type of Filing: ___ Original X Updated ___ Revised

						24.52%	
Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 237,028,368	\$ 3,612,852	\$ 240,641,220	\$ 1,427,863	\$ 3,829,448	\$ 245,898,531
3	Capitalized tank painting		0	0	0	0	0
4	Deferred depreciation	62,507	0	62,507	0	0	62,507
5	Post-in-service AFUDC	209,573	0	209,573	0	0	209,573
6		<u>\$ 237,300,449</u>	<u>\$ 3,612,852</u>	<u>\$ 240,913,301</u>	<u>\$ 1,427,863</u>	<u>\$ 3,829,448</u>	<u>\$ 246,170,612</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 53,034,455	\$ 1,380,893	\$ 54,415,347	\$ 3,855	\$ 280,822	\$ 54,700,025
10	Plant in service - amortization		0	0	0	7,249	7,249
11	Capitalized tank painting	0	0	0	0	0	0
12	Deferred depreciation	9,892	180	10,522	0	0	10,522
13	Post-in-service AFUDC	29,147	530	31,002	0	0	31,002
14		<u>\$ 53,073,494</u>	<u>\$ 1,383,378</u>	<u>\$ 54,456,872</u>	<u>\$ 3,855</u>	<u>\$ 288,071</u>	<u>\$ 54,748,798</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 184,226,954</u>	<u>\$ 2,229,474</u>	<u>\$ 186,456,429</u>	<u>\$ 1,424,008</u>	<u>\$ 3,541,377</u>	<u>\$ 191,421,813</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 23,000,340	\$ 19,468	\$ 23,019,808	\$ -	\$ 1,567	\$ 23,021,375
21	Customer advances for construction	22,705,449	1,221,449	23,926,898	0	0	23,926,898
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 45,705,789</u>	<u>\$ 1,240,917</u>	<u>\$ 46,946,705</u>	<u>\$ -</u>	<u>\$ 1,567</u>	<u>\$ 46,948,272</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	462,708	(20,225)	442,484	0	0	442,484
28		<u>\$ 462,708</u>	<u>\$ (20,225)</u>	<u>\$ 442,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,484</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 138,983,874</u>	<u>\$ 968,333</u>	<u>\$ 139,952,207</u>	<u>\$ 1,424,008</u>	<u>\$ 3,539,810</u>	<u>\$ 144,916,025</u>
32							
33							
34							

Indiana-American Water Company
Cause No. 43187
Calculation of Original Cost Rate Base
Mooresville
as of June 30, 2006
UPDATED

Schedule 1
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Type of Filing: ☐ Original ☒ Updated ☐ Revised

1.31%

Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 8,231,161	\$ 69,171	\$ 8,300,332	\$ -	\$ 204,591	\$ 8,504,923
3	Capitalized tank painting	90,123	0	90,123	0	0	90,123
4	Deferred depreciation	0	0	0	0	0	0
5	Post-in-service AFUDC	0	0	0	0	0	0
6		<u>\$ 8,321,284</u>	<u>\$ 69,171</u>	<u>\$ 8,390,455</u>	<u>\$ -</u>	<u>\$ 204,591</u>	<u>\$ 8,595,046</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 1,810,247	\$ 58,090	\$ 1,868,337	\$ -	\$ 15,003	\$ 1,883,340
10	Plant in service - amortization		0	0	0	387	387
11	Capitalized tank painting	71,097	3,004	74,101	0	0	74,101
12	Deferred depreciation	0	0	0	0	0	0
13	Post-in-service AFUDC	0	0	0	0	0	0
14		<u>\$ 1,881,344</u>	<u>\$ 61,094</u>	<u>\$ 1,942,438</u>	<u>\$ -</u>	<u>\$ 15,390</u>	<u>\$ 1,957,828</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 6,439,940</u>	<u>\$ 8,077</u>	<u>\$ 6,448,017</u>	<u>\$ -</u>	<u>\$ 189,201</u>	<u>\$ 6,637,218</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 1,568,795	\$ 1,373	\$ 1,570,168	\$ -	\$ 84	\$ 1,570,252
21	Customer advances for construction	594,916	(31,043)	563,874	0	0	563,874
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 2,163,712</u>	<u>\$ (29,670)</u>	<u>\$ 2,134,042</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 2,134,126</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	2,983	(1,116)	1,867	0	0	1,867
28		<u>\$ 2,983</u>	<u>\$ (1,116)</u>	<u>\$ 1,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,867</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 4,279,211</u>	<u>\$ 36,631</u>	<u>\$ 4,315,842</u>	<u>\$ -</u>	<u>\$ 189,117</u>	<u>\$ 4,504,959</u>
32							
33							
34							

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Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:					1.55%	
2	Plant in service	\$ 11,337,046	\$ 434,396	\$ 11,771,442	\$ -	\$ 242,074	\$ 12,013,516
3	Capitalized tank painting	154,369	0	154,369	0	0	154,369
4	Deferred depreciation	0	0	0	0	0	0
5	Post-in-service AFUDC	0	0	0	0	0	0
6		\$ 11,491,415	\$ 434,396	\$ 11,925,811	\$ -	\$ 242,074	\$ 12,167,885
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 3,369,603	\$ 150,243	\$ 3,519,846	\$ -	\$ 17,752	\$ 3,537,598
10	Plant in service - amortization		0	0	0	458	458
11	Capitalized tank painting	109,748	5,415	115,163	0	0	115,163
12	Deferred depreciation	0	0	0	0	0	0
13	Post-in-service AFUDC	0	0	0	0	0	0
14		\$ 3,479,351	\$ 155,658	\$ 3,635,009	\$ -	\$ 18,210	\$ 3,653,219
15							
16							
17	NET UTILITY PLANT	\$ 8,012,064	\$ 278,738	\$ 8,290,802	\$ -	\$ 223,864	\$ 8,514,666
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 1,040,368	\$ 5,277	\$ 1,045,645	\$ -	\$ 99	\$ 1,045,744
21	Customer advances for construction	1,099,985	317,247	1,417,232	0	0	1,417,232
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		\$ 2,140,353	\$ 322,524	\$ 2,462,877	\$ -	\$ 99	\$ 2,462,976
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	30,939	(11,157)	19,782	0	0	19,782
28		\$ 30,939	\$ (11,157)	\$ 19,782	\$ -	\$ -	\$ 19,782
29							
30							
31	ORIGINAL COST RATE BASE	\$ 5,902,650	\$ (54,943)	\$ 5,847,707	\$ -	\$ 223,765	\$ 6,071,472

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		3.62%					
Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 22,779,417	\$ 570,705	\$ 23,350,122	\$ -	\$ 565,359	\$ 23,915,481
3	Capitalized tank painting	148,289	0	148,289	0	0	148,289
4	Deferred depreciation	0	0	0	0	0	0
5	Post-in-service AFUDC	0	0	0	0	0	0
6		<u>\$ 22,927,706</u>	<u>\$ 570,705</u>	<u>\$ 23,498,411</u>	<u>\$ -</u>	<u>\$ 565,359</u>	<u>\$ 24,063,770</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 5,245,898	\$ 115,222	\$ 5,361,121	\$ -	\$ 41,459	\$ 5,402,580
10	Plant in service - amortization		0	0	0	1,070	1,070
11	Capitalized tank painting	95,763	5,001	100,764	0	0	100,764
12	Deferred depreciation	0	0	0	0	0	0
13	Post-in-service AFUDC	0	0	0	0	0	0
14		<u>\$ 5,341,661</u>	<u>\$ 120,223</u>	<u>\$ 5,461,885</u>	<u>\$ -</u>	<u>\$ 42,529</u>	<u>\$ 5,504,414</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 17,586,045</u>	<u>\$ 450,482</u>	<u>\$ 18,036,526</u>	<u>\$ -</u>	<u>\$ 522,830</u>	<u>\$ 18,559,356</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 3,407,856	\$ -	\$ 3,407,856	\$ -	\$ 231	\$ 3,408,087
21	Customer advances for construction	4,142,119	520,829	4,662,948	0	0	4,662,948
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 7,549,976</u>	<u>\$ 520,829</u>	<u>\$ 8,070,805</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ 8,071,036</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	36,563	(4,084)	32,479	0	0	32,479
28		<u>\$ 36,563</u>	<u>\$ (4,084)</u>	<u>\$ 32,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,479</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 10,072,632</u>	<u>\$ (74,431)</u>	<u>\$ 9,998,201</u>	<u>\$ -</u>	<u>\$ 522,599</u>	<u>\$ 10,520,800</u>
32							
33							
34							

Petitioner's Exhibit EJG-3 - U

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Line No.	Components of Original Cost Rate Base	Per Books at June, 2006	Change	Per Books at December 2006	Pro Forma Adjustments	Allocation of Corp. / CSC Rate Base	Adjusted Total as of December, 2006
1	Utility Plant:						
2	Plant in service	\$ 4,596,706	\$ 36,542	\$ 4,633,249	\$ -	\$ 110,885	\$ 4,744,134
3	Capitalized tank painting	47,784	0	47,784	0	0	47,784
4	Deferred depreciation	0	0	0	0	0	0
5	Post-in-service AFUDC	0	0	0	0	0	0
6		<u>\$ 4,644,490</u>	<u>\$ 36,542</u>	<u>\$ 4,681,033</u>	<u>\$ -</u>	<u>\$ 110,885</u>	<u>\$ 4,791,918</u>
7							
8	Accumulated Depreciation:						
9	Plant in service	\$ 1,303,429	\$ 65,942	\$ 1,369,370	\$ -	\$ 8,131	\$ 1,377,501
10	Plant in service - amortization		0	0	0	210	210
11	Capitalized tank painting	45,847	1,937	47,784	0	0	47,784
12	Deferred depreciation	0	0	0	0	0	0
13	Post-in-service AFUDC	0	0	0	0	0	0
14		<u>\$ 1,349,275</u>	<u>\$ 67,879</u>	<u>\$ 1,417,154</u>	<u>\$ -</u>	<u>\$ 8,341</u>	<u>\$ 1,425,495</u>
15							
16							
17	NET UTILITY PLANT	<u>\$ 3,295,215</u>	<u>\$ (31,337)</u>	<u>\$ 3,263,878</u>	<u>\$ -</u>	<u>\$ 102,544</u>	<u>\$ 3,366,422</u>
18							
19	Deduct:						
20	Contributions in aid of construction	\$ 479,653	\$ 3,349	\$ 483,002	\$ -	\$ 45	\$ 483,047
21	Customer advances for construction	445,564	1,420	446,984	0	0	446,984
22	Capacity Adjustment - Somerset		0	0	0	0	0
23		<u>\$ 925,217</u>	<u>\$ 4,768</u>	<u>\$ 929,986</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 930,031</u>
24							
25	Add:						
26	Acquisition Adjustment (net)	0	0	0	0	0	0
27	Materials and supplies (13 Month Average)	11,133	(6,614)	4,519	0	0	4,519
28		<u>\$ 11,133</u>	<u>\$ (6,614)</u>	<u>\$ 4,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519</u>
29							
30							
31	ORIGINAL COST RATE BASE	<u>\$ 2,381,130</u>	<u>\$ (42,719)</u>	<u>\$ 2,338,411</u>	<u>\$ -</u>	<u>\$ 102,499</u>	<u>\$ 2,440,910</u>
32							
33							
34							

Indiana-American Water Company

Cause No. 43187

Pro Forma Income Statement

for Total Company

as of June 30, 2006

Schedule 1

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Type of Filing: ___ Original ___X_Updated ___ Revised

Work Paper Reference:

Line No.	Total Indiana	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 137,222,468	\$ 4,715,838	\$ -	\$ 141,938,306	\$ 25,687,104	\$ 167,625,410
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 11,915,051	\$ 1,960,734	\$ -	\$ 13,875,785	\$ -	\$ 13,875,785
6	Purchased water	GMV-3 Schedule 3	615,800	110,000	0	725,800	0	725,800
7	Purchased power	GMV-3 Schedule 4	5,268,575	76,453	0	5,345,028	0	5,345,028
8	Chemicals	GMV-3 Schedule 5	1,289,807	344,788	0	1,634,595	0	1,634,595
9	Waste disposal	GMV-3 Schedule 6	1,242,718	0	0	1,242,718	0	1,242,718
10	Management fees	GMV-3 Schedule 7	15,327,484	846,480	0	16,173,964	0	16,173,964
11	Group insurance	GMV-3 Schedule 8	4,062,751	888,918	0	4,951,669	0	4,951,669
12	Pensions	GMV-3 Schedule 9	2,613,411	(242,240)	0	2,371,171	0	2,371,171
13	Regulatory expense	GMV-3 Schedule 10	350,570	99,877	0	450,447	0	450,447
14	Insurance, other than group	GMV-3 Schedule 11	1,590,166	(19,229)	0	1,570,937	0	1,570,937
15	Customer accounting	GMV-3 Schedule 12	4,608,102	(682,798)	0	3,925,304	325,303	4,250,607
16	Rents	GMV-3 Schedule 13	356,588	37,500	0	394,088	0	394,088
17	General office expense	GMV-3 Schedule 14	2,406,317	(1,242,340)	0	1,163,977	0	1,163,977
18	Miscellaneous	GMV-3 Schedule 15	5,587,562	785,944	0	6,373,506	0	6,373,506
19	Maintenance expense	GMV-3 Schedule 16	7,187,186	(3,606,091)	0	3,581,095	0	3,581,095
20								
21	Total operation and maintenance		\$ 64,422,088	\$ (642,004)	\$ -	\$ 63,780,084	\$ 325,303	\$ 64,105,387
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 19,810,106	\$ 6,191,502	\$ -	\$ 26,001,608	\$ -	\$ 26,001,608
24	Amortization	GMV-3 Schedule 18	260,920	161,816	0	422,736	0	422,736
25	General Taxes	GMV-3 Schedule 19	17,736,114	(422,486)	0	17,313,628	735,523	18,049,151
26	State income taxes	EJG-4 Schedule 1	1,536,145	516,686	0	2,052,831	2,123,494	4,176,325
27	Federal income taxes	EJG-4 Schedule 1	6,039,432	636,519	0	6,675,951	7,876,259	14,552,210
28								
29	Total operating expenses		\$ 109,804,805	\$ 6,442,033	\$ -	\$ 116,246,838	\$ 11,060,579	\$ 127,307,417
30								
31	Utility Operating Income		\$ 27,417,663	\$ (1,726,195)	\$ -	\$ 25,691,468	\$ 14,626,525	\$ 40,317,993
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Corporate District
as of June 30, 2006

Type of Filing: ___ Original ___X_Updated ___ Revised
Work Paper Reference:

Schedule 1
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Line No.	Corporate	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ (2,355,831)	\$ 2,356,004	\$ (173)	\$ -		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 961,305	\$ 201,337	\$ (1,162,642)	\$ -		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	91,367	(91,367)	0	0		
8	Chemicals	GMV-3 Schedule 5	0	0	0	0		
9	Waste disposal	GMV-3 Schedule 6	0	0	0	0		
10	Management fees	GMV-3 Schedule 7	15,316,961	857,003	(16,173,964)	0		
11	Group insurance	GMV-3 Schedule 8	5,012,799	(4,819,634)	(193,165)	0		
12	Pensions	GMV-3 Schedule 9	3,011,914	0	(3,011,914)	0		
13	Regulatory expense	GMV-3 Schedule 10	350,570	0	(350,570)	0		
14	Insurance, other than group	GMV-3 Schedule 11	1,641,691	(19,229)	(1,622,462)	0		
15	Customer accounting	GMV-3 Schedule 12	4,508,725	(2,554,252)	(1,954,473)	0		
16	Rents	GMV-3 Schedule 13	0	0	0	0		
17	General office expense	GMV-3 Schedule 14	1,797,536	(1,242,340)	(555,196)	0		
18	Miscellaneous	GMV-3 Schedule 15	2,101,507	19,892	(2,121,399)	0		
19	Maintenance expense	GMV-3 Schedule 16	4,186,403	(3,951,474)	(234,929)	0		
20								
21	Total operation and maintenance		\$ 38,980,778	\$ (11,600,064)	\$ (27,380,714)	\$ -		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ (2,554,927)	\$ 5,149,695	\$ (2,594,768)	\$ -		
24	Amortization	GMV-3 Schedule 18	130,320	64,440	(194,760)	0		
25	General Taxes	GMV-3 Schedule 19	2,417,258	(1,885,487)	(531,771)	0		
26	State income taxes	EJG-4 Schedule 1	1,536,145	(1,536,145)	0	0		
27	Federal income taxes	EJG-4 Schedule 1	6,039,432	(6,039,432)	0	0		
28								
29	Total operating expenses		\$ 46,549,006	\$ (15,846,993)	\$ (30,702,013)	\$ -		
30								
31	Utility Operating Income		\$ (48,904,837)	\$ 18,202,997	\$ 30,701,840	\$ -		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Mooresville District
as of June 30, 2006

Schedule 1
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Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Line No.	Mooresville	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 1,485,756	\$ 43,446	\$ 2	\$ 1,529,204		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 158,711	\$ 7,060	\$ 15,231	\$ 181,002		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	55,565	0	0	55,565		
8	Chemicals	GMV-3 Schedule 5	15,844	(6,163)	0	9,681		
9	Waste disposal	GMV-3 Schedule 6	0	0	0	0		
10	Management fees	GMV-3 Schedule 7	0	0	211,879	211,879		
11	Group insurance	GMV-3 Schedule 8	(15,574)	85,779	2,530	72,736		
12	Pensions	GMV-3 Schedule 9	(7,737)	(6,898)	39,456	24,821		
13	Regulatory expense	GMV-3 Schedule 10	0	1,308	4,592	5,901		
14	Insurance, other than group	GMV-3 Schedule 11	(913)	0	21,254	20,341		
15	Customer accounting	GMV-3 Schedule 12	2,585	24,801	25,604	52,990		
16	Rents	GMV-3 Schedule 13	12,168	0	0	12,168		
17	General office expense	GMV-3 Schedule 14	18,786	0	7,273	26,059		
18	Miscellaneous	GMV-3 Schedule 15	35,989	26,659	27,790	90,438		
19	Maintenance expense	GMV-3 Schedule 16	31,371	0	3,078	34,449		
20								
21	Total operation and maintenance		\$ 306,795	\$ 132,547	\$ 358,687	\$ 798,029		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 218,527	\$ 20,775	\$ 33,991	\$ 273,293		
24	Amortization	GMV-3 Schedule 18	0	0	2,551	2,551		
25	General Taxes	GMV-3 Schedule 19	250,870	(102,953)	6,966	154,883		
26	State income taxes	EJG-4 Schedule 1	0	21,189	0	21,189		
27	Federal income taxes	EJG-4 Schedule 1	0	70,050	0	70,050		
28								
29	Total operating expenses		\$ 776,192	\$ 141,608	\$ 402,196	\$ 1,319,996		
30								
31	Utility Operating Income		\$ 709,564	\$ (98,162)	\$ (402,194)	\$ 209,208		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Northwest District
as of June 30, 2006

Schedule 1
Page 4 of 10

Type of Filing: ☐ Original ☒ X_Updated ☐ Revised
Work Paper Reference:

Line No.	Northwest	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 38,234,191	\$ 757,572	\$ 42	\$ 38,991,805		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 3,717,086	\$ 545,804	\$ 285,545	\$ 4,548,435		
6	Purchased water	GMV-3 Schedule 3	423,943	110,000	0	533,943		
7	Purchased power	GMV-3 Schedule 4	1,603,925	0	0	1,603,925		
8	Chemicals	GMV-3 Schedule 5	393,938	96,403	0	490,341		
9	Waste disposal	GMV-3 Schedule 6	543,947	0	0	543,947		
10	Management fees	GMV-3 Schedule 7	0	0	3,972,326	3,972,326		
11	Group insurance	GMV-3 Schedule 8	(479,182)	1,990,442	47,441	1,558,702		
12	Pensions	GMV-3 Schedule 9	(190,113)	(35,991)	739,726	513,623		
13	Regulatory expense	GMV-3 Schedule 10	0	24,490	85,995	110,485		
14	Insurance, other than group	GMV-3 Schedule 11	(25,188)	0	397,990	372,802		
15	Customer accounting	GMV-3 Schedule 12	34,652	471,348	480,019	986,019		
16	Rents	GMV-3 Schedule 13	149,054	37,500	0	186,554		
17	General office expense	GMV-3 Schedule 14	149,770	0	136,356	286,126		
18	Miscellaneous	GMV-3 Schedule 15	1,193,456	315,937	521,016	2,030,409		
19	Maintenance expense	GMV-3 Schedule 16	1,167,918	223,038	57,699	1,448,655		
20								
21	Total operation and maintenance		\$ 8,683,206	\$ 3,778,972	\$ 6,724,111	\$ 19,186,289		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 4,482,675	\$ 1,863,806	\$ 636,497	\$ 6,982,978		
24	Amortization	GMV-3 Schedule 18	2,915	1,345	47,833	52,093		
25	General Taxes	GMV-3 Schedule 19	5,462,161	2,486,442	130,603	8,079,206		
26	State income taxes	EJG-4 Schedule 1	0	157,741	0	157,741		
27	Federal income taxes	EJG-4 Schedule 1	0	339,177	0	339,177		
28								
29	Total operating expenses		\$ 18,630,957	\$ 8,627,483	\$ 7,539,044	\$ 34,797,484		
30								
31	Utility Operating Income		\$ 19,603,234	\$ (7,869,911)	\$ (7,539,002)	\$ 4,194,321		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Wabash District
as of June 30, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised
 Work Paper Reference:

Schedule 1
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Line No.	Wabash	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 1,826,577	\$ 112,142	\$ 3	\$ 1,938,722		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 182,382	\$ 31,341	\$ 18,719	\$ 232,442		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	161,076	12,886	0	173,962		
8	Chemicals	GMV-3 Schedule 5	9,310	638	0	9,948		
9	Waste disposal	GMV-3 Schedule 6	0	0	0	0		
10	Management fees	GMV-3 Schedule 7	0	0	260,401	260,401		
11	Group insurance	GMV-3 Schedule 8	(17,735)	98,997	3,110	84,372		
12	Pensions	GMV-3 Schedule 9	(8,191)	(3,969)	48,492	36,332		
13	Regulatory expense	GMV-3 Schedule 10	0	1,598	5,609	7,207		
14	Insurance, other than group	GMV-3 Schedule 11	(966)	0	25,959	24,993		
15	Customer accounting	GMV-3 Schedule 12	1,549	30,803	31,467	63,819		
16	Rents	GMV-3 Schedule 13	4,761	0	0	4,761		
17	General office expense	GMV-3 Schedule 14	22,701	0	8,939	31,640		
18	Miscellaneous	GMV-3 Schedule 15	63,918	7,857	34,155	105,930		
19	Maintenance expense	GMV-3 Schedule 16	115,574	2,400	3,782	121,756		
20								
21	Total operation and maintenance		\$ 534,379	\$ 182,552	\$ 440,632	\$ 1,157,563		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 303,404	\$ (28,680)	\$ 41,516	\$ 316,240		
24	Amortization	GMV-3 Schedule 18	0	0	3,136	3,136		
25	General Taxes	GMV-3 Schedule 19	156,015	(3,749)	8,562	160,828		
26	State income taxes	EJG-4 Schedule 1	0	14,188	0	14,188		
27	Federal income taxes	EJG-4 Schedule 1	0	37,640	0	37,640		
28								
29	Total operating expenses		\$ 993,798	\$ 201,951	\$ 493,846	\$ 1,689,594		
30								
31	Utility Operating Income		\$ 832,779	\$ (89,809)	\$ (493,843)	\$ 249,127		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Warsaw District
as of June 30, 2006

Schedule 1
Page 6 of 10

Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Line No.	Warsaw	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 2,265,607	\$ 25,204	\$ 3	\$ 2,290,814		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 213,370	\$ 47,371	\$ 18,137	\$ 278,878		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	147,105	0	0	147,105		
8	Chemicals	GMV-3 Schedule 5	29,122	2,783	0	31,905		
9	Waste disposal	GMV-3 Schedule 6	0	0	0	0		
10	Management fees	GMV-3 Schedule 7	0	0	252,314	252,314		
11	Group insurance	GMV-3 Schedule 8	(15,108)	108,629	3,013	96,534		
12	Pensions	GMV-3 Schedule 9	(6,695)	(192)	46,986	40,099		
13	Regulatory expense	GMV-3 Schedule 10	0	1,548	5,434	6,982		
14	Insurance, other than group	GMV-3 Schedule 11	(864)	0	25,148	24,284		
15	Customer accounting	GMV-3 Schedule 12	1,531	29,214	30,490	61,235		
16	Rents	GMV-3 Schedule 13	17,876	0	0	17,876		
17	General office expense	GMV-3 Schedule 14	23,438	0	8,661	32,099		
18	Miscellaneous	GMV-3 Schedule 15	87,250	1,814	33,094	122,158		
19	Maintenance expense	GMV-3 Schedule 16	129,471	21,757	3,665	154,893		
20								
21	Total operation and maintenance		\$ 626,496	\$ 212,924	\$ 426,942	\$ 1,266,361		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 321,833	\$ 29,666	\$ 40,219	\$ 391,718		
24	Amortization	GMV-3 Schedule 18	0	0	3,038	3,038		
25	General Taxes	GMV-3 Schedule 19	184,333	(8,446)	8,296	184,182		
26	State income taxes	EJG-4 Schedule 1	0	31,420	0	31,420		
27	Federal income taxes	EJG-4 Schedule 1	0	100,916	0	100,916		
28								
29	Total operating expenses		\$ 1,132,662	\$ 366,479	\$ 478,495	\$ 1,977,636		
30								
31	Utility Operating Income		\$ 1,132,945	\$ (341,276)	\$ (478,492)	\$ 313,178		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the West Lafayette District
as of June 30, 2006

Type of Filing: ___ Original X Updated ___ Revised
Work Paper Reference:

Schedule 1
Page 7 of 10

Line No.	W. Lafayette	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 3,700,975	\$ (10,896)	\$ 6	\$ 3,690,085		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 324,928	\$ 80,804	\$ 42,204	\$ 447,936		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	165,442	11,764	0	177,206		
8	Chemicals	GMV-3 Schedule 5	34,073	10,350	0	44,423		
9	Waste disposal	GMV-3 Schedule 6	0	0	0	0		
10	Management fees	GMV-3 Schedule 7	0	0	587,115	587,115		
11	Group insurance	GMV-3 Schedule 8	(34,352)	195,231	7,012	167,891		
12	Pensions	GMV-3 Schedule 9	(15,794)	(3,694)	109,332	89,845		
13	Regulatory expense	GMV-3 Schedule 10	0	3,616	12,691	16,306		
14	Insurance, other than group	GMV-3 Schedule 11	(1,864)	0	58,733	56,869		
15	Customer accounting	GMV-3 Schedule 12	879	20,454	70,947	92,280		
16	Rents	GMV-3 Schedule 13	6,068	0	0	6,068		
17	General office expense	GMV-3 Schedule 14	31,076	0	20,154	51,230		
18	Miscellaneous	GMV-3 Schedule 15	93,801	23,887	77,007	194,695		
19	Maintenance expense	GMV-3 Schedule 16	89,117	20,172	8,528	117,817		
20								
21	Total operation and maintenance		\$ 693,374	\$ 362,584	\$ 993,723	\$ 2,049,681		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 610,704	\$ 49,910	\$ 93,931	\$ 754,545		
24	Amortization	GMV-3 Schedule 18	0	0	7,070	7,070		
25	General Taxes	GMV-3 Schedule 19	322,567	2,832	19,303	344,703		
26	State income taxes	EJG-4 Schedule 1	0	44,303	0	44,303		
27	Federal income taxes	EJG-4 Schedule 1	0	143,483	0	143,483		
28								
29	Total operating expenses		\$ 1,626,645	\$ 603,113	\$ 1,114,026	\$ 3,343,784		
30								
31	Utility Operating Income		\$ 2,074,330	\$ (614,009)	\$ (1,114,020)	\$ 346,301		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for the Winchester District
as of June 30, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Schedule 1
Page 8 of 10

Line No.	Winchester	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 809,841	\$ 20,398	\$ 1	\$ 830,240		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 81,015	\$ 1,895	\$ 8,255	\$ 91,165		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	17,401	0	0	17,401		
8	Chemicals	GMV-3 Schedule 5	5,997	1,264	0	7,261		
9	Waste disposal	GMV-3 Schedule 6	22,729	0	0	22,729		
10	Management fees	GMV-3 Schedule 7	0	0	114,835	114,835		
11	Group insurance	GMV-3 Schedule 8	(1,674)	41,344	1,371	41,042		
12	Pensions	GMV-3 Schedule 9	(789)	(7,018)	21,385	13,577		
13	Regulatory expense	GMV-3 Schedule 10	0	709	2,489	3,198		
14	Insurance, other than group	GMV-3 Schedule 11	(93)	0	11,519	11,426		
15	Customer accounting	GMV-3 Schedule 12	822	13,515	13,877	28,213		
16	Rents	GMV-3 Schedule 13	(894)	0	0	(894)		
17	General office expense	GMV-3 Schedule 14	8,164	0	3,942	12,106		
18	Miscellaneous	GMV-3 Schedule 15	33,359	18,666	15,062	67,087		
19	Maintenance expense	GMV-3 Schedule 16	32,333	2,500	1,668	36,501		
20								
21	Total operation and maintenance		\$ 198,370	\$ 72,875	\$ 194,403	\$ 465,648		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 141,895	\$ 397	\$ 18,423	\$ 160,715		
24	Amortization	GMV-3 Schedule 18	0	0	1,383	1,383		
25	General Taxes	GMV-3 Schedule 19	67,776	15,153	3,776	86,704		
26	State income taxes	EJG-4 Schedule 1	0	6,847	0	6,847		
27	Federal income taxes	EJG-4 Schedule 1	0	20,319	0	20,319		
28								
29	Total operating expenses		\$ 408,041	\$ 115,591	\$ 217,984	\$ 741,616		
30								
31	Utility Operating Income		\$ 401,800	\$ (95,193)	\$ (217,983)	\$ 88,624		
32								

Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
Total Sewer Districts
as of June 30, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Schedule 1
Page 9 of 10

Line No.	Total Sewer	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 339,412	\$ (18,808)	\$ -	\$ 320,604		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 21,017	\$ 24,457	\$ -	\$ 45,474		
6	Purchased water	GMV-3 Schedule 3	0	0	0	0		
7	Purchased power	GMV-3 Schedule 4	2,086	146	0	2,232		
8	Chemicals	GMV-3 Schedule 5	4,052	(743)	0	3,309		
9	Waste disposal	GMV-3 Schedule 6	149,426	0	0	149,426		
10	Management fees	GMV-3 Schedule 7	0	0	0	0		
11	Group insurance	GMV-3 Schedule 8	0	17,631	0	17,631		
12	Pensions	GMV-3 Schedule 9	0	2,268	0	2,268		
13	Regulatory expense	GMV-3 Schedule 10	0	160	561	721		
14	Insurance, other than group	GMV-3 Schedule 11	0	0	2,596	2,596		
15	Customer accounting	GMV-3 Schedule 12	7,971	3,092	0	11,063		
16	Rents	GMV-3 Schedule 13	0	0	0	0		
17	General office expense	GMV-3 Schedule 14	16	0	0	16		
18	Miscellaneous	GMV-3 Schedule 15	16,699	794	0	17,493		
19	Maintenance expense	GMV-3 Schedule 16	2,505	0	0	2,505		
20								
21	Total operation and maintenance		\$ 203,772	\$ 47,805	\$ 3,157	\$ 254,733		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 20,993	\$ 4,717	\$ 4,152	\$ 29,862		
24	Amortization	GMV-3 Schedule 18	1,130	94	0	1,224		
25	General Taxes	GMV-3 Schedule 19	13,121	48,722	0	61,843		
26	State income taxes	EJG-4 Schedule 1	0	(3,411)	0	(3,411)		
27	Federal income taxes	EJG-4 Schedule 1	0	(14,842)	0	(14,842)		
28								
29	Total operating expenses		\$ 239,016	\$ 83,085	\$ 7,308	\$ 329,409		
30								
31	Utility Operating Income		\$ 100,396	\$ (101,893)	\$ (7,308)	\$ (8,805)		
32								

Indiana-American Water Company
Indiana-American Water Company
Cause No. 43187
Pro Forma Income Statement
for Water Groups One and Two
as of June 30, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Schedule 1
Page 10 of 10

Line No.	Total Water Groups	Reference to Supporting Schedules	Test Year Ended June 2006	Adjustments	Corporate Allocation	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
1	Operating Revenues	GMV-2 Schedule 1	\$ 90,915,940	\$ 1,430,777	\$ 115	\$ 92,346,832		
2								
3	Operating Expenses							
4	Operation and maintenance							
5	Labor	GMV-3 Schedule 2	\$ 6,255,237	\$ 1,020,664	\$ 774,552	\$ 8,050,453		
6	Purchased water	GMV-3 Schedule 3	191,857	0	0	191,857		
7	Purchased power	GMV-3 Schedule 4	3,024,608	143,024	0	3,167,632		
8	Chemicals	GMV-3 Schedule 5	797,471	240,256	0	1,037,727		
9	Waste disposal	GMV-3 Schedule 6	526,616	0	0	526,616		
10	Management fees	GMV-3 Schedule 7	10,523	(10,523)	10,775,095	10,775,095		
11	Group insurance	GMV-3 Schedule 8	(386,423)	3,170,499	128,686	2,912,763		
12	Pensions	GMV-3 Schedule 9	(169,184)	(186,746)	2,006,537	1,650,607		
13	Regulatory expense	GMV-3 Schedule 10	0	66,448	233,199	299,647		
14	Insurance, other than group	GMV-3 Schedule 11	(21,637)	0	1,079,262	1,057,625		
15	Customer accounting	GMV-3 Schedule 12	49,388	1,278,226	1,302,070	2,629,684		
16	Rents	GMV-3 Schedule 13	167,555	0	0	167,555		
17	General office expense	GMV-3 Schedule 14	354,830	0	369,872	724,702		
18	Miscellaneous	GMV-3 Schedule 15	1,961,583	370,438	1,413,276	3,745,297		
19	Maintenance expense	GMV-3 Schedule 16	1,432,494	75,516	156,510	1,664,520		
20								
21	Total operation and maintenance		\$ 14,194,918	\$ 6,167,803	\$ 18,239,059	\$ 38,601,779		
22								
23	Depreciation expense	GMV-3 Schedule 17	\$ 16,265,002	\$ (898,784)	\$ 1,726,040	\$ 17,092,258		
24	Amortization	GMV-3 Schedule 18	126,555	95,937	129,749	352,241		
25	General Taxes	GMV-3 Schedule 19	8,862,013	(975,001)	354,266	8,241,278		
26	State income taxes	EJG-4 Schedule 1	0	1,780,554	0	1,780,554		
27	Federal income taxes	EJG-4 Schedule 1	0	5,979,208	0	5,979,208		
28								
29	Total operating expenses		\$ 39,448,488	\$ 12,149,717	\$ 20,449,113	\$ 72,047,318		
30								
31	Utility Operating Income		\$ 51,467,452	\$ (10,718,940)	\$ (20,448,998)	\$ 20,299,514		
32								

Indiana-American Water Company
Cause Number 42520
Pro Forma Adjustment of Depreciation Expense - Updated
Updated as of December 31, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised
Work Paper Reference:

Schedule 1
Page 1 of 1

Line No.		Total Company	Total Water Groups	Wabash	Total Sewer	Corporate	Northwest	Mooreville	Warsaw	West Lafayette	Winchester
1	Pro forma district Depreciation expense	\$ 26,001,608	\$ 15,366,218	\$ 274,724	\$ 25,710	\$ 2,594,768	\$ 6,346,481	\$ 238,302	\$ 351,499	\$ 660,614	\$ 142,292
2											
3	Test year Depreciation expense	\$ 19,810,108	16,265,002	303,404	20,993	(2,554,927)	4,482,675	218,527	321,833	610,704	141,895
4											
5	Adjustment before Allocations	\$ 6,191,502	\$ (898,784)	\$ (28,680)	\$ 4,717	\$ 5,149,695	\$ 1,863,806	\$ 20,775	\$ 29,666	\$ 49,910	\$ 397
6											
7											
8	Pro forma district Depreciation expense	\$ 26,001,608	\$ 15,366,218	\$ 274,724	\$ 25,710	\$ 2,594,768	\$ 6,346,481	\$ 238,302	\$ 351,499	\$ 660,614	\$ 142,292
9											
10	Allocation of Corporate	\$ (1)	1,726,039	41,516	4,151	(2,594,768)	636,497	33,991	40,219	93,931	18,423
11											
12	Pro forma Depreciation expense	\$ 26,001,607	\$ 17,092,257	\$ 316,240	\$ 29,861	\$ -	\$ 6,982,978	\$ 273,293	\$ 391,718	\$ 754,545	\$ 160,715

Indiana American Water Company
Cause Number 42520
Pro Forma Adjustment of General Tax Expense
For the Twelve Months Ended June 30, 2006

Type of Filing: ☐ Original ☒ Updated ☐ Revised

Line Number	Description	Total Company	Corporate	Total Water Groups	Mooresville	Northwest	Wabash	Warsaw	West Lafayette	Winchester	Total Sewer
1	Pro Forma General Taxes:	\$ 17,313,628	\$ 531,771	\$ 7,887,012	\$ 147,917	\$ 7,948,603	\$ 152,266	\$ 175,887	\$ 325,399	\$ 82,929	\$ 61,843
2											
3	Less: Test Year Expense:	17,736,114	2,417,258	8,862,013	250,870	5,462,161	156,015	184,333	322,567	67,776	13,121
4											
5	Adjustment Before Allocation:	\$ (422,486)	\$ (1,885,487)	\$ (975,001)	\$ (102,953)	\$ 2,486,442	\$ (3,749)	\$ (8,446)	\$ 2,832	\$ 15,153	\$ 48,722
6											
7											
8	Pro Forma District General Tax Expense:	\$ 17,313,628	\$ 531,771	\$ 7,887,012	\$ 147,917	\$ 7,948,603	\$ 152,266	\$ 175,887	\$ 325,399	\$ 82,929	\$ 61,843
9											
10	Allocation of Corporate:	0	(961,305)	640,421	12,593	236,097	15,477	14,996	34,895	6,825	-
11											
12	Pro Forma General Tax Expense:	\$ 17,313,628	\$ (429,534)	\$ 8,527,434	\$ 160,510	\$ 8,184,699	\$ 167,743	\$ 190,883	\$ 360,295	\$ 89,754	\$ 61,843
13											
14											
15	<u>Detail of Adjustment Before Allocation:</u>										
16	Adjustment of Payroll Taxes:	\$ 135,864	\$ -	\$ 80,475	\$ 521	\$ 41,070	\$ 1,277	\$ 3,490	\$ 5,752	\$ 236	\$ 3,043
17	Adjustment for Safe Drinking Water Act:	17,473	-	11,159	239	4,582	245	254	884	109	-
18	Adjustment of IURC Fee- Present Rates:	57,342	-	35,518	221	20,321	298	1,009	99	123	(247)
19	Adjustment of Gross Receipts Tax - Present Rates:	(26,302)	(1,885,487)	1,238,121	20,528	476,446	25,332	31,262	51,953	11,151	4,392
20	Adjustment of Property Tax:	(606,863)	-	(2,340,275)	(124,462)	1,944,023	(30,900)	(44,462)	(55,855)	3,533	41,534
21											
22		-	-	-	-	-	-	-	-	-	-
23		-	-	-	-	-	-	-	-	-	-
24											
25											
26	Total Adjustment:	\$ (422,486)	\$ (1,885,487)	\$ (975,001)	\$ (102,953)	\$ 2,486,442	\$ (3,749)	\$ (8,446)	\$ 2,832	\$ 15,153	\$ 48,722

[illegible]

Pro Forma Calculation of Federal and State Income Taxes - Updated

Line	Description	Total	Total Water Groups	Wabash	Total Sewer	Northwest	Moore's -ville	Warsaw	West Lafayette	Winchester
1	Operating Revenues	\$141,938,306	\$92,346,832	\$1,938,722	\$320,604	\$38,991,805	\$1,529,204	\$2,290,814	\$3,690,085	\$830,240
2										
3	Less Deductions:									
4	Operating & Maintenance Expenses	63,780,084	38,601,779	1,157,563	254,733	19,186,289	798,029	1,266,361	2,049,681	465,648
5	Depreciation - Tax Normalized	22,372,964	15,244,552	300,637	25,144	5,678,480	201,809	308,985	483,848	129,509
6	Amortization	422,736	352,241	3,136	1,224	52,093	2,551	3,038	7,070	1,383
7	General Taxes	17,313,628	8,241,278	160,828	61,843	8,079,206	154,883	184,182	344,703	86,704
8	Amortization of ITC	(229,964)	(180,605)	(4,941)	(204)	(36,646)	(1,001)	(4,356)	(1,503)	(708)
9	Permanent Taxable Differences	(81,227)	(50,245)	(1,127)	(98)	(23,787)	(1,235)	(1,731)	(2,521)	(483)
10	Interest on Customer Deposits	0	0	0	0	0	0	0	0	0
11	Interest Synchronization Deduction	16,430,351	10,663,237	185,133	22,993	4,782,229	148,664	200,359	347,186	80,550
12	Total Deductions	<u>120,008,572</u>	<u>72,872,238</u>	<u>1,801,228</u>	<u>365,636</u>	<u>37,717,864</u>	<u>1,303,701</u>	<u>1,956,839</u>	<u>3,228,463</u>	<u>762,603</u>
13										
14	Federal Taxable Income									
15	Before State Income Taxes	21,929,734	19,474,595	137,494	(45,032)	1,273,941	225,504	333,974	461,622	67,637
16	Less State Income Taxes	2,052,831	1,780,554	14,188	(3,411)	157,741	21,189	31,420	44,303	6,847
17	Plus Amortization of Reg. Assets/Liabilities	(58,366)	(37,879)	(660)	(82)	(16,990)	(525)	(712)	(1,232)	(286)
18	Less Allocation of Parent Company Interest	254,119	164,923	2,872	356	73,974	2,287	3,100	5,362	1,245
19	Federal Taxable Income	<u>\$19,564,418</u>	<u>\$17,491,239</u>	<u>\$119,774</u>	<u>(\$42,059)</u>	<u>\$1,025,236</u>	<u>\$201,503</u>	<u>\$298,742</u>	<u>\$410,725</u>	<u>\$59,259</u>
20										
21	Current and Deferred Federal Income Taxes									
22	Taxes @ 35% rate	\$6,847,549	\$6,121,934	\$41,921	(\$14,720)	\$358,833	\$70,526	\$104,560	\$143,754	\$20,741
23	Plus: SFAS 109 Amortization to FIT	58,366	37,879	660	82	16,990	525	712	1,232	286
24	Plus: Investment Credit Amortization	(229,964)	(180,605)	(4,941)	(204)	(36,646)	(1,001)	(4,356)	(1,503)	(708)
25	Total Federal Income Taxes	<u>6,675,951</u>	<u>5,979,208</u>	<u>37,640</u>	<u>(14,842)</u>	<u>339,177</u>	<u>70,050</u>	<u>100,916</u>	<u>143,483</u>	<u>20,319</u>
26	Less Test Year Expense	0	0	0	0	0	0	0	0	0
27	Pro-forma Adjustment	<u>\$6,675,951</u>	<u>\$5,979,208</u>	<u>\$37,640</u>	<u>(\$14,842)</u>	<u>\$339,177</u>	<u>\$70,050</u>	<u>\$100,916</u>	<u>\$143,483</u>	<u>\$20,319</u>
28										
29										
30	Federal Taxable Income									
31	Before State Income Taxes	\$21,929,734	\$19,474,595	\$137,494	(\$45,032)	\$1,273,941	\$225,504	\$333,974	\$461,622	\$67,637
32	Add: Utility Gross Receipts Tax	1,859,185	1,238,121	25,332	4,392	476,446	20,528	31,262	51,953	11,151
33	Add Amortization of Reg. Assets/Liabilities	(97,421)	(63,227)	(1,101)	(137)	(28,359)	(876)	(1,188)	(2,056)	(477)
34	State Taxable Income	<u>\$23,691,498</u>	<u>\$20,649,489</u>	<u>\$161,725</u>	<u>(\$40,777)</u>	<u>\$1,722,028</u>	<u>\$245,156</u>	<u>\$364,048</u>	<u>\$511,519</u>	<u>\$78,311</u>
35										
36	Current and Deferred State Income Taxes									
37	Supplemental Income Tax @ 8.5%	\$2,013,776	\$1,755,206	\$13,747	(\$3,466)	\$146,372	\$20,838	\$30,944	\$43,479	\$6,656
38	Plus: SFAS Amortization to SIT	39,055	25,348	441	55	11,369	351	476	824	191
39	Total State Income Taxes	<u>2,052,831</u>	<u>1,780,554</u>	<u>14,188</u>	<u>(3,411)</u>	<u>157,741</u>	<u>21,189</u>	<u>31,420</u>	<u>44,303</u>	<u>6,847</u>
40	Less Test Year Expense	0	0	0	0	0	0	0	0	0
41	Pro-forma Adjustment	<u>\$2,052,831</u>	<u>\$1,780,554</u>	<u>\$14,188</u>	<u>(\$3,411)</u>	<u>\$157,741</u>	<u>\$21,189</u>	<u>\$31,420</u>	<u>\$44,303</u>	<u>\$6,847</u>

Allocation of Parent Company Interest Expense Updated
For Federal Income Tax Calculation

Line No.	Indiana-American Water Co., Inc. Pro Forma Equity Capital	Debt Ratio American Water Works Co., Inc. Parent Only	Indiana-American Water Company Inc., Equity Represented by Parent Debt	Interest Deductible on Parent Debt @ 5.09%
1	Common Stock		\$3,654,779	\$186,028
2	Paid in capital	3.94%	1,337,743	68,091
3	Retained earnings	3.94%	0	0
4		0.00%	<u>\$4,992,522</u>	<u>\$254,119</u>
5				
6	Federal income tax rate			35%
7	Reduction in federal income taxes			<u>\$88,942</u>
8				
9				
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American Water Works Company, Inc.
At December 31, 2006

Capital Structure	Amount	Ratio
Long term debt	\$212,000,000	3.94%
Preferred equity	1,750,000,000	32.54%
Common equity	3,416,334,000	63.52%
Total	<u>\$5,378,334,000</u>	<u>100.00%</u>
Long-Term Debt	Amount	Annual Cost
4.00% note with AWCC to be issued 12/2003 replacing matured debt in 2003	100,000,000	4,000,000
5.77% note with AWCC due 3/29/2011	82,000,000	4,731,400
6.87% note with AWCC due 3/29/2011	30,000,000	2,061,000
Total	<u>\$212,000,000</u>	<u>\$10,792,400</u>
Average net cost		5.09%

Note: Unaudited Information for Parent Company as of 3/5/07

Calculation of Effective Federal Income Tax Rate

<u>Line No.</u>		<u>Present Rates</u>	<u>Proposed Rates</u>
1	Utility Operating Income	\$25,691,468	\$40,317,993
2			
3	Book Depreciation - Tax Normalized Depreciation	3,628,644	3,628,644
4	Other Permanent Taxable Differences	(311,191)	(311,191)
5	Total Permanent Taxable Differences	<u>3,317,453</u>	<u>3,317,453</u>
6			
7			
8	Synchronized Interest	16,430,351	16,430,351
9	Interest on Customer Deposits	0	0
10	Allocated Parent Company Interest	254,119	254,119
11	Total Interest	<u>16,684,470</u>	<u>16,684,470</u>
12			
13			
14	Federal Income Taxes - Current & Deferred	6,847,549	14,723,808
15	Amortization of Investment Tax Credit	(229,964)	(229,964)
16	SFAS 109 Amortization to FIT	58,366	58,366
17	Total Federal Income Taxes	<u>6,675,951</u>	<u>14,552,210</u>
18			
19			
20	Taxable Net Income Before Federal Income Taxes	<u>\$19,000,402</u>	<u>\$41,503,186</u>
21	(L1 + L5 - L11 + L18)		
22			
23	Effective Federal Income Tax Rate (L17 / L20)	<u>35.14%</u>	<u>35.06%</u>

Pro Forma Rate of Return Summary - Updated
as of December 31, 2006

Line No.	Class of Capital	Amount @ 12/31/06	% of Total	(%) Cost	Weighted Cost
1	Long-term debt	\$249,836,931	48.36%	6.79%	3.28%
2					
3	Deferred income taxes	56,099,136	10.86%	0.00%	0.00%
4					
5	Accumulated depreciation on contributed utility plant for Muncie Sewer	52,244	0.01%	0.00%	0.00%
6					
7					
8	Post Retirement Benefits, net	2,351,577	0.46%	0.00%	0.00%
9					
10	Accumulated deferred investment tax credits - Pre 1971	81,597	0.02%	0.00%	0.00%
11					
12					
13	Job development investment tax credits (JDITC) - Post 1970	2,199,350	0.43%	8.91%	0.04%
14					
15					
16	Preferred stock	330,000	0.06%	6.00%	0.00%
17					
18	Common equity	205,645,731	39.80%	11.50%	4.58%
19					
20					
21	Total capitalization	\$516,596,566	100.00%		7.90%

Pro Forma Rate of Return Summary - Updated
as of December 31, 2006

Calculation to determine interest cost rate for interest synchronization:

Line No.	Class of Capital	Amount	% of Total	(%) Cost	Weighted Cost
1	Long-term debt	\$249,836,931	48.57%	6.79%	3.30%
2					
3	Deferred income taxes	56,099,136	10.91%	0.00%	
4					
5	Accumulated depreciation on contributed utility plant for Muncie Sewer	52,244	0.01%	0.00%	
6					
7	Post Retirement Benefits, net	2,351,577	0.46%	0.00%	
8					
9					
10	Accumulated deferred investment tax credits - Pre 1971	81,597	0.02%	0.00%	
11					
12					
13	Preferred stock	330,000	0.06%	6.00%	
14					
15	Common equity	<u>205,645,731</u>	<u>39.97%</u>	11.50%	
16					
17	Total excluding JDITC	<u>\$514,397,216</u>	<u>100.00%</u>		<u>3.30%</u>
18					
19					
20					
21	Calculation to determine cost of JDITC:				
22					
23	Class of Capital	Amount	% of Total	(%) Cost	Weighted Cost
24					
25	Long-term debt	\$249,836,931	54.81%	6.79%	3.72%
26					
27	Preferred stock	330,000	0.07%	6.00%	0.00%
28					
29	Common equity	<u>205,645,731</u>	<u>45.12%</u>	11.50%	<u>5.19%</u>
30					
31	Total Investor Supplied Capital	\$455,812,662	100.00%		8.91%

Cause No. 43187

Line No.	Debt Issue Type, Coupon Rate (COL. 1)	Date Issued (COL. 2)	Maturity Date (COL. 3)	Face Amount Outstanding @ 6/30/06 (COL. 4)	Face Amount Outstanding @ 12/31/06 (COL. 5)	Unamortized Debt Expense @ 12/31/06 (COL. 6)	Carrying Value @ 12/31/06 (COL. 7)	Annual Interest (COL. 8)	Annual Amortization (COL. 9)	Pro Forma Total Annual Cost (COL. 10)
1	First Mortgage Bonds									
2	7.300% Series N	3/01/93	3/01/08	\$2,276,000	\$2,276,000	\$9,163	\$2,266,837	\$166,148	\$7,854	\$174,002
3	6.990% Series B	1/1/94	1/1/24	9,000,000	9,000,000	144,840	8,855,160	629,100	8,520	637,620
4	5.900% Series C	6/1/96	6/1/26	9,985,000	0	318,045	(318,045)	0	16,380	16,380
5	5.000% Series D	12/1/98	12/1/28	7,965,000	7,945,000	704,314	7,240,686	397,250	32,136	429,386
6										
7	General Mortgage Bonds									
8	9.780% Series	12/21/88	11/01/03	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	8.980% Series	3/01/90	3/01/10	7,100,000	7,100,000	9,196	7,090,804	637,580	2,904	640,484
10	7.110% Series	5/11/94	5/01/24	15,500,000	15,500,000	70,928	15,429,072	1,102,050	4,092	1,106,142
11	7.380% Series	9/01/95	9/01/15	12,000,000	12,000,000	85,800	11,914,200	885,600	9,900	895,500
12	7.450% Series	12/01/95	9/01/15	28,000,000	28,000,000	62,608	27,937,392	2,086,000	7,224	2,093,224
13	5.900% Bonds	9/01/92	9/01/22	8,085,000	0	263,576	(263,576)	0	16,824	16,824
14	5.350% Bonds	12/01/93	9/01/23	7,700,000	0	289,600	(289,600)	0	17,376	17,376
15	7.800% Series	7/01/97	7/01/27	10,000,000	10,000,000	36,162	9,963,838	780,000	1,764	781,764
16	7.490% Series	7/01/97	7/01/07	10,000,000	10,000,000	2,640	9,997,360	749,000	5,280	754,280
17	6.845% Series	7/01/98	7/01/28	19,000,000	19,000,000	90,042	18,909,958	1,300,550	4,188	1,304,738
18	6.900% Series	7/01/99	7/01/09	20,000,000	20,000,000	21,630	19,978,370	1,380,000	8,652	1,388,652
19	4.875% Bonds	10/26/06	10/1/36	0	25,770,000	643,472	25,126,528	1,256,288	21,449	1,277,737
20										
21	AWCC Intercompany Borrowing									
22	6.870% Series	3/30/01	3/29/11	\$38,000,000	\$38,000,000	\$108,669	\$37,891,331	\$2,610,600	\$25,569	\$2,636,169
23	4.920% Series	1/14/02	11/6/06	904,236	0	0	0	0	0	0
24	5.650% Series	6/12/02	6/12/07	13,000,000	13,000,000	3,189	12,996,811	734,500	7,653	742,153
25	5.650% Series	9/30/02	6/12/07	18,000,000	18,000,000	10,669	17,989,331	1,017,000	25,606	1,042,606
26	6.050% Series	12/1/03	12/1/13	16,000,000	16,000,000	23,445	15,976,555	968,000	871	968,871
27										
28										
29	Tax Exempt / Government Related									
30	2.900% S R F - Prairieton	1/5/01	1/1/21	\$330,000	\$330,000	\$10,605	\$319,395	\$9,570	\$757	\$10,327
31	2.900% S R F - Gary	6/15/01	7/1/21	832,000	832,000	7,476	824,524	24,128	516	24,644
32										
33	Obligations - Capital Leases			\$0	\$0		\$0	\$0	\$0	\$0
34										
35										
36	Totals			\$253,677,236	\$252,753,000	\$2,916,069	\$249,836,931	\$16,733,364	\$225,515	\$16,958,879
37										
38	Cost of long-term debt									
39	(Col. 10 / Col. 7)									6.79%
40										

Line	Dividend Rate, Type, Par Value	Date Issued	Amount Outstanding at Par	Premium or Discount	Unamortized Issue Expense	Net Proceeds @ 12/31/06	Annual Amortization	Annual Dividends	Total Annual Cost
No.	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	(Col. 8)	(Col. 9)

Cumulative Preferred Stock						
	1967	\$330,000	\$0	\$0	\$330,000	\$0
6.000% Series I, \$100 par						
Totals		\$330,000	\$0	\$0	\$330,000	\$0
Cost of preferred stock (Col. 9 / Col. 6)						6.000%